

National Association of County Veterans Service Officers



Debt Management

Debt?

- Overpayments
- Unpaid co-payments
- Defaulted home loans
- Education assistance

Debt Management Center (DMC)
St. Paul, MN

DMC

- Collects VBA debt
 - Pension
 - Compensation
 - Education
- Collects VHA debt
 - Co-payments
 - Treatment - ineligible
- Home loan debt

What happens?

- “First” Notification
 - Possible overpayment
- “First” Notification
 - Amount owed and why
 - Home loan by certified mail

What do I do?

- First notice – amount owed and why
 - 30 days to respond...no withholding
 - Agree to repay
 - Offer compromise
 - Dispute fact or amount of debt
 - Request a waiver
- No response...immediate withholding of VA benefits
- No response...no VA benefits...second and third notice – referred to debt collection and/or Treasury Dept.

Other benefits withheld

- **Social Security**

- Owe in excess of \$25.00
- Have owed more than 90 days

Only if Social Security is more than \$750.00

Can withhold up to 15% above \$750.00

- **IRS refund**

What do you do?

- Respond to
 - DMC, and
 - Regional Office, or
 - VA Medical Center
- Repayment
 - Lump sum preferred
 - Installment payments
 - reasonable amount and time period

Waiver Requests

- Must be in writing
- Within 180 days
- 20-5655 (Financial Status Report)
- Home loans – 1 year
- Withholding continues until issue resolved
- Refund – if waiver is granted

Waivers Granted

- Against equity and good conscience
- Debtor not at fault
- VA at fault

No Waiver Granted

- Fraud or misrepresentation
- Cost of medical emergency or humanitarian services
 - Can offer compromise
- Statutory bar
 - Example: Simultaneous comp & military pay
- Erroneous payments
 - No entitlement

Compromises

“Let’s make a deal”

- Lump sum
- Any time
- Even if waiver was denied
- Balance waived
- In writing/20-5655
- No time limit
- If not accepted – not appealable
- More than one

Education and Home Loan

- Loss of future entitlement
 - Equal to the amount waived
- Repayment restores entitlement